

FEDERAL GRAIN, LIMITED

Sixteenth Annual Report of the Directors

YEAR ENDED 31st JULY, 1945

TO THE SHAREHOLDERS:

Your Directors present herewith Financial Statements for the year ended 31st July, 1945, including the Balance Sheet, with Report by your Auditors, Messrs. George A. Touche, & Co.

Statement of Income and Expenditure shows an operating profit of \$360,796.74 after providing for bond interest, depreciation, interest on special Bank loans and other charges. This shows a decrease of \$26,643.69 from the year ended 31st July, 1944. From the net operating profit there has been deducted \$145,000.00 as provision for Income and Excess Profits Taxes. The balance, together with the capital gain arising from the sales of properties has been transferred to Surplus Account. Working Capital now amounts to \$2,799,487.46.

First Mortgage Bonds of the par value of \$196,500.00 were redeemed during the year in accordance with Sinking Fund provisions. Total redemption of Bonds amounts to \$2,187,500.00, leaving an outstanding balance of \$2,062,500.00.

Your wholly owned subsidiary Company, The Alberta Pacific Grain Co. (1943) Ltd., shows a profit of \$150,169.64 after providing for bond interest, depreciation and all other charges, and making provision for estimated Income and Excess Profits Taxes. This amount has been transferred to your subsidiary Company's Surplus Account.

Your Directors are awaiting with interest the action of Parliament on the report of the Royal Commission on Taxation of Co-Operatives.

Crops in Western Canada are greatly reduced this year due to severe drought over a large part of the country. This will result in a material reduction in the volume of grain handled through your elevators. The surplus wheat which this country has had for the last few years is disappearing rapidly which, of course, greatly reduces the stocks in country elevators, and will have a material effect on the storage charges earned by the Company. Part of the loss in revenue from these sources will be offset by the increased handling charges in effect this year.

Since the end of the last fiscal year, Preferred Shareholders have received dividends of \$4.00 per share, totalling \$120,000.00. Future payments will be made as conditions warrant.

Your Directors desire to express appreciation of the efficient services and loyal support of all employees, and with the war over, we look forward to welcoming back many members of the staff who enlisted in the Armed Services. Our staff has again made worthy contributions to the war effort through the purchase of War Savings Certificates and Victory Bonds.

All your Directors retire at the ensuing General Annual Meeting and are eligible for re-election.

On behalf of the Board of Directors,

H. E. SELLERS,
President.

PURVIS HALL
LIBRARIES

WINNIPEG, MANITOBA, 18th October, 1945.

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MCGILL UNIVERSITY

FEDERAL GRA

BALANCE SHEET

ASSETS

CURRENT ASSETS:

Cash in transit and with Paying Agents, etc.	\$ 265,999.71
Dominion of Canada War Loan Bonds—Par Value \$200,000.00, at cost	200,000.00
Bonds of the Company in excess of 1st December, 1945, Sinking Fund requirement—Par Value \$3,000.00, at cost	3,210.00

ACCOUNTS RECEIVABLE:

General Accounts	\$ 231,707.58
Agents' Cottage Loans	9,620.14
Employees' Accounts	619.19
	241,946.91

AMOUNT RECEIVABLE from wholly owned subsidiary 24,444.31

ADVANCES SECURED BY GRAIN 11,025.41

STOCKS ON HAND, AS CERTIFIED BY RESPONSIBLE OFFICIALS:

Grain purchased for account of The Canadian Wheat Board:
valued on the basis of Board prices less freight, etc. \$ 6,338,387.76

Grain, less stored grain: valued on the basis of market quotations
of 31st July, 1945, less freight, etc. 517,629.57

Coal, Sacks, Feed Grain and Seed: valued at the lower of cost
or market 529,099.36

ACCRUED EARNINGS 7,385,116.69
69,336.39

PREPAID EXPENSES 28,227.54

\$ 8,229,306.96

BONDS OF THE COMPANY purchased for Sinking Fund—

Par Value \$207,500.00, at cost 223,087.50

MEMBERSHIPS AND SHARES in Grain Trade Organizations, at cost 107,587.51

INVESTMENT IN WHOLLY OWNED SUBSIDIARY COMPANY, at cost 3,810,159.80

PROPERTIES:

Terminal and Country Elevators, Temporary Bins, Coal Sheds,
Dwellings, Flour Sheds, Automobiles, Furniture and Miscellaneous
Equipment, at cost \$ 8,355,120.98

Less Reserve for Depreciation 4,161,173.26

4,193,947.72

DEFERRED CHARGES:

Employees' Retirement Annuity Plans—Payments re past services, less
amounts written off 98,382.70

\$16,662,472.19

To the Shareholders,

Federal Grain, Limited, Winnipeg.

We have examined the foregoing Balance Sheet of Federal Grain, Limited with the books and vouchers.

We further report that in our opinion the Balance Sheet is properly drawn up so as to exhibit a true and correct statement of the assets, liabilities and capital of the Company, and the explanations given to us, and as shown by the books of the Company.

AUDITORS

Winnipeg, 18th October, 1945.

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STATEMENT 1

AT 31st JULY, 1945

LIABILITIES AND CAPITAL

CURRENT LIABILITIES:

Bank Loans (secured)	\$ 683,098.95
Outstanding Cheques, less current account bank balances	169,624.51
Outstanding Cash Tickets and Orders	2,300,806.10
Sundry Creditors	1,661,631.92
Provision for payments to customers to be made only if and when they are allowed as a deductible expense for Income Tax and Excess Profits Tax purposes	499,833.84
Accrued Taxes, including provision for balance of estimated Income Tax and Excess Profits Tax on profit for the year ended 31st July, 1945	114,824.18

\$ 5,429,819.50
3,738,200.00

SPECIAL LOANS due 1st June, 1946 (secured)

GENERAL MORTGAGE 5% DEBENTURES maturing 1st June 1946

Authorized	\$4,000,000.00
Issued as collateral for Special Loans	\$4,000,000.00

FIRST MORTGAGE SINKING FUND GOLD BONDS:

Authorized	\$6,000,000.00
Issued, Series A 6%, maturing 1st August, 1949	\$4,250,000.00
Less Redeemed through Sinking Fund	2,187,500.00

2,062,500.00
90,034.76

BOND REDEMPTION RESERVE:

CAPITAL:

Authorized—

- 40,000 6½% Cumulative Preference Shares of \$100.00 each, redeemable at the option of the Company
- 160,000 Class A Common Shares of No Par Value
- 40,000 Class B Common Shares of No Par Value

Issued and fully paid—

30,000 Preference Shares	\$3,000,000.00
200,000 Common Shares	1,250,000.00

4,250,000.00

DISTRIBUTABLE SURPLUS:

Balance at 31st July, 1944—unchanged	\$ 295,065.77
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EARNED SURPLUS:

Balance at 31st July, 1944	\$691,760.66
Deduct Preference Dividends (including dividend paid 18th August, 1945)	120,000.00

571,760.66

Add Profit for the year ended 31st July, 1945—

Per Statement II	\$225,091.50	796,852.16
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1,091,917.93

Cumulative Preference Dividends are in arrear fractionally for the year 1934, and for all subsequent periods.

Approved on behalf of the Board,

H. E. SELLERS, Director.
T. H. RATHJEN, Director.

\$16,662,472.19

REPORT

others relating thereto, and we report that we have obtained all the information and explanations we have required. We and correct view of the state of the Company's affairs at 31st July, 1945, according to the best of our infor-

GEORGE A. TOUCHE & CO.,
Chartered Accountants,
Auditors.

Federal Grain, Limited

STATEMENT OF INCOME AND EXPENDITURE

For the Year Ended 31st July, 1945

Income from the Company's operations after meeting all expenses including Executive Salaries and Legal Fees \$67,516.16 but before taking into account the items shown below	\$967,807.81
Income from Investments	6,050.82
	<u>\$973,858.63</u>
Less: Depreciation	\$308,570.92
Bond Interest	115,926.70
Bond Interest Premiums	12,098.22
Interest on Special Loans	174,466.05
Directors' Fees	2,000.00
	<u>613,061.89</u>
Operating Profit, before providing for Income Tax and Excess Profits Tax.	\$360,796.74
Less: Provision for estimated Income Tax and Excess Profits Tax	145,000.00
	<u>\$215,796.74</u>
Add: Profit on sales of properties, etc. (net)	9,294.76
Net Profit for the year ended 31st July, 1945	<u><u>\$225,091.50</u></u>

STATEMENT REQUIRED UNDER SECTION 114 OF THE COMPANIES ACT 1934

The profit of the wholly owned subsidiary Company to 30th June, 1945 has not been brought into the accounts of Federal Grain, Limited.

GEORGE A. TOUCHE & CO.,
Chartered Accountants,
Auditors.

DIRECTORS

H. E. SELLERS, *President and Managing Director.*

H. C. MACGREGOR, *Vice-President*

V. W. TRYON, *Vice-President*

T. H. RATHJEN, C.A., *Treasurer.*

H. J. SYMINGTON, K.C.

A. H. WILLIAMSON

J. R. MURRAY

H. W. WEBSTER

H. E. SWIFT, K.C.

Secretary: R. C. GAGE

Registrar.....THE ROYAL TRUST COMPANY, Toronto, Montreal and Winnipeg.

Transfer Agents.....{ THE MONTREAL TRUST COMPANY, Toronto and Montreal;
THE NORTHERN TRUSTS Co., Winnipeg.

Auditors.....GEORGE A. TOUCHE & Co.

Solicitors.....SWIFT, MACLEOD & DEACON.